

SENATE BILL 1237
By Ramsey

AN ACT to amend Tennessee Code Annotated, Title 56,
relative to staff leasing companies.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 56-2-201, is amended by adding the following new subsection thereto:

() "Employee or staff leasing company health and welfare benefit plan" means a plan offered to the employees of employee or staff leasing companies or staff leasing groups which are duly licensed pursuant to the Tennessee Employee Leasing Act, compiled in title 62, chapter 43.

SECTION 2. Tennessee Code Annotated, Title 56, is amended by adding the following as new Chapter 55:

56-55-101. An employee or staff leasing company or staff leasing group may sponsor and maintain employee benefit and welfare plans for the benefit of its leased employees, and by doing so, such a company or group shall not be deemed to be subject to any of the medical benefit requirements or other mandates of chapters 7 or 26 of title 56 nor shall they be subject to liability for the payment of the insurance premium taxes imposed by title 56.

56-55-102. An employee leasing or staff leasing applicant or licensee shall disclose to the commissioner upon request, to each client company and to all eligible leased employees the following information relating to any employee welfare benefit plan provided for the benefit of its leased employees:

(1) The type of coverage and a copy of the insurance policy or certificate or summary plan description;

(2) The identity of each insurer, if any, for each type of coverage or the fact that the plan is self insured, if applicable;

(3) The amount of benefits for each type of coverage and to whom or on whose behalf benefits will be paid; and

(4) The policy limits on each insurance policy maintained by the applicant or licensee for the employee welfare benefit plan.

56-55-103. Within six (6) months of the effective date of this act, an employee or staff leasing company or staff leasing group that chooses to provide to its leased employees an employee welfare benefit plan through a plan or arrangement of self-insurance shall meet the following minimum requirements:

(1) Utilize a third-party administrator licensed to do business in this state;

(2) Hold all plan assets, including participant contributions, in a trust account;

(3) Have a net worth determined using generally accepted accounting principles of at least one-hundred thousand dollars (\$100,000). In lieu of the required net worth the employee or staff leasing company or staff leasing group may provide to the commissioner of commerce and insurance a surety bond or letter of credit in the amount of one hundred thousand dollars (\$100,000).

Notwithstanding any other law or regulation for an employee or staff leasing company or staff leasing group that chooses to provide to its leased employees an employee welfare benefit plan through a plan or arrangement of self-insurance this shall be the exclusive net worth or reserve requirement; and

(4) Maintain a stop loss policy.

56-55-104. For purposes of this part, an employee welfare benefit shall mean an employee benefit plan as defined in section 3(1) of the Employee Retirement Income

Security Act of 1974, as amended, that provides benefits for medical, surgical, or hospital care or benefits in the event of sickness, accident, disability, or death, but shall not include short-term or temporary leave or disability plans or programs maintained as personnel or employment policies by the employee or staff leasing company or staff leasing group or other payroll practices.

SECTION 3. The general assembly recognizes that it was not its intent to subject to liability employee or staff leasing companies that have offered or will offer their leased employees employee benefit and welfare plans for the payment of insurance premium taxes, and that in order to effectuate the intent of the general assembly, the provisions of section 56-55-101 shall be retroactive to April 22, 1996.

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.